CANADA-ONTARIO Crop Insurance

TWENTIETH ANNUAL REPORT

THE CROP INSURANCE COMMISSION OF ONTARIO

For
Fiscal Year Ended March 31, 1986

Agriculture Canada
Ontario Ministry of Agriculture and Food

87-02355/

Toronto, Ontario
Oct. 3, 1986

To The Honourable Jack Riddell, Minister
Ministry of Agriculture and Food
Province of Ontario

Sir:

I have the honour to submit herewith the annual report of The Crop Insurance Commission of Ontario for the period April 1, 1985 to March 31, 1986 including the financial statements for The Ontario Crop Insurance Fund and the report of the Provincial Auditor.

Respectfully Submitted,

H. Ediger, Vice Chairman
The Crop Insurance Commission of Ontario

Twentieth Annual Report

of

The Crop Insurance Commission of Ontario

For Fiscal Year Ended March 31, 1986

COMMISSION MEMBERS

MORRIS HUFF — Chairman

HECTOR DELANGHE — Member

JOHN EPPEL — Member

GAETAN BEAUDRY — Member

RALPH BEAMER — Member

MURRAY McRAE — Member

GERALD WISMER — Member

OFFICERS

MORRIS HUFF
General Manager

WM. K. REGAN
Assistant General Manager

M.J. TAGGART
Assistant General Manager / Accounting

JACK MULDER
Secretary

THE CROP INSURANCE COMMISSION OF ONTARIO

RESPONSIBILITIES

— Administration of the Canada-Ontario Crop Insurance Program.

— Administration of crop insurance plans, established by regulations, including the functions of selling, underwriting, claims adjustment, and accounting.

— Conducting surveys and research programs relating to Crop Insurance to obtain statistics for Commission purposes.

THE YEAR IN REVIEW

For the second consecutive year, favourable weather conditions in Ontario resulted in an underwriting gain of approximately 29 million dollars. Consequently, the deficit of $15.9 million was eliminated and the year ended with an overall surplus of $13.1 million. Significant claims were paid to insured growers in Essex County as a result of the devastating hail storm which struck the Leamington area on May 30.

FEDERAL-PROVINCIAL FINANCING

To provide Ontario producers with the best Crop Insurance program at the lowest cost, the Governments of Canada and Ontario provide the following financial support.

The Government of Canada provides financial assistance to the Canada-Ontario Crop Insurance Program by contributing 50% of the total premium required each year. The Federal Government's contribution to this program totalled $20,899,778 for 1985-86.

The Government of Ontario pays the administration costs which totalled $3,606,483 for 1985-86.

THE CROP INSURANCE COMMISSION OF ONTARIO

BALANCE SHEET
as at March 31, 1986

ASSETS

	1986	1985
	$	$
Cash and short term investments	12,257,121	520,269
Accounts and premium subsidy receivable	7,219,507	311,789
	19,476,628	832,058

LIABILITIES AND SURPLUS (DEFICIT)

Provision for payment of unsettled indemnities (note 1b)	2,818,871	613,308
Premiums collected in advance (note 1c)	283,898	424,834
Unearned premiums (note 1d)	3,286,869	2,921,238
Advances from the Treasurer of Ontario	—	12,782,496
Advances from the Ministry of Agriculture and Food	15,000	5,000
	6,404,638	16,746,876
Surplus (Deficit)	13,071,990	(15,914,818)
	19,476,628	832,058

See accompanying notes to financial statements.

THE CROP INSURANCE COMMISSION OF ONTARIO

AUDITOR'S REPORT

I have examined the balance sheet of The Crop Insurance Commission of Ontario as at March 31, 1986 and the statements of revenue and expenditure and surplus (deficit) for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Commission as at March 31, 1986 and the results of its operations for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements applied on a basis consistent with that of the preceding year.

In accordance with section 12 of the Crop Insurance Act (Ontario), a report on the audit has been made to the Commission and to the Minister.

D.F. Archer, F.C.A.,
Provincial Auditor.

Toronto, Ontario,
July 4, 1986.

THE CROP INSURANCE COMMISSION OF ONTARIO

STATEMENT OF REVENUE AND EXPENDITURE
for the year ended March 31, 1986

	1986	1985
	$	$
REVENUE		
Crop Insurance Premiums:		
Premiums from insured persons	20,899,778	21,088,969
Premium subsidies from the Government of Canada	20,899,778	21,088,969
	41,799,556	42,177,938
Interest income	354,391	121,264
	42,153,947	42,299,202
EXPENDITURE		
Indemnities (5,223 claims; 1985-6,528 claims)	13,004,289	15,253,742
Interest on advances from the Treasurer of Ontario	260,141	2,422,957
	13,264,430	17,676,699
Excess of revenue over expenditure	28,889,517	24,622,503

See accompanying notes to financial statements.

THE CROP INSURANCE COMMISSION OF ONTARIO

STATEMENT OF SURPLUS (DEFICIT)
for the year ended March 31, 1986

	1986	1985
	$	$
Balance, beginning of year	(15,914,818)	(40,680,772)
Adjustment to prior year's indemnity provision (note 1b)	97,291	143,451
	(15,817,527)	(40,537,321)
Excess of revenue over expenditure	28,889,517	24,622,503
Balance, end of year	13,071,990	(15,914,818)

See accompanying notes to financial statements.

THE CROP INSURANCE COMMISSION OF ONTARIO

NOTES TO FINANCIAL STATEMENTS

March 31, 1986

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The Commission's financial statements are prepared using the accrual basis of accounting

(b) Provision for payment of unsettled indemnities

At the end of a fiscal year, the Commission estimates outstanding indemnities. In the subsequent year, any difference between the estimated and the actual indemnities is reflected in the statement of surplus (deficit) and not in the statement of revenue and expenditure as the Commission feels the difference should not be reflected in the current year's operating results.

(c) Premiums collected in advance

Premiums collected in advance represent premiums received for the insurance of various crops where the deadline for applying for insurance coverage occurs after March 31, 1986. This insurance may be cancelled by the insured prior to the deadline date and premiums refunded.

(d) Unearned premiums

Unearned premiums represent premiums received for the winter wheat and fruit crops. The harvesting of these crops and the payment of indemnities occur subsequent to March 31, 1986. However, the deadline date for applying for insurance coverage occurs prior to year end, and accordingly, the insurance cannot be cancelled and no premiums will be refunded.

2. ADMINISTRATIVE EXPENSES

Salaries, benefits and other administrative expenses of the Commission are absorbed by the Ministry of Agriculture and Food and are not included in the statement of revenue and expenditure. Administrative expenses of the prior year have not been disclosed to conform with the 1986 presentation.

THE CROP INSURANCE COMMISSION OF ONTARIO

SCHEDULE OF ADMINISTRATIVE EXPENSES

for the year ended March 31, 1986

	1986	1985
	$	$
Salaries	1,081,756	1,191,243
Commissions and fees - agents	1,082,694	1,076,275
Fees and expenses - adjusters	802,143	824,840
Data processing	308,275	331,553
Printing and stationery	75,211	76,886
Telephone and postage	46,356	64,883
Automobile expenses	35,080	27,294
Advertising and publicity	40,336	42,932
Travelling expenses	38,233	49,416
Meetings and staff training	5,827	22,997
Members' allowances and expenses	22,530	16,001
Professional services	22,622	23,811
Fees and expenses - arbitration board	11,805	35,527
Miscellaneous supplies and services	20,970	22,611
Equipment and furniture purchases	12,645	5,543
	3,606,483	3,811,812

See accompanying notes to financial statements.

GROWTH OF THE CANADA-ONTARIO CROP INSURANCE PROGRAM
(as at March 31, 1986)

	Contracts at Risk								Total Subsidized Premium $	Total Claims Paid $	Gain or Loss $	Loss Ratio %
	78/79	79/80	80/81	81/82	82/83	83/84	84/85	85/86				
Apple Tree						24	15	15	62,734	24,190	38,544	38.56
Apples	352	348	341	338	327	327	323	320	10,547,427	11,016,170	(468,743)	110.44
Asparagus							2	5	2,903	—	2,903	—
Black Tobacco	53	45	52	40	26	45	103	88	310,738	262,792	47,946	84.57
Broccoli						6	7	10	50,337	45,160	5,177	89.72
Burley Tobacco	165	161	169	166	223	267	236		617,004	646,316	(29,312)	104.75
Cabbage				14	18	22	22	14	41,396	19,904	21,492	48.08
Canola							138	249	391,378	83,632	307,746	21.37
Carrots				23	29	27	34	25	400,430	281,642	118,788	70.33
Cauliflower				12	25	34	31	29	149,928	172,872	(22,944)	115.30
Celery					4	7	4	2	20,104	869	19,235	4.32
Coloured Beans	194	168	294	395	198	102	169	183	2,540,485	2,514,032	26,453	98.96
Corn	6,216	6,519	6,290	6,409	6,181	6,288	6,884	6,852	64,254,869	42,561,580	21,693,289	66.24
Cucumbers				69	91	98	98	93	289,255	163,425	125,830	56.50
Early Potatoes				5	12	14	18	28	176,812	39,014	137,798	22.07
Flue-Cured Tobacco	2,181	2,158	2,842	2,762	2,444	2,486	2,179	2,017	96,514,968	128,668,373	(32,153,405)	133.31
Forage	1,979	1,889	1,609	1,525	1,317	1,361	1,155	1,196	6,780,275	7,351,969	(571,694)	108.43
Grapes	177	182	193	194	218	235	240	241	4,500,556	3,383,191	1,117,365	75.17
Green Peas	471	483	447	428	451	406	401	427	5,151,461	5,943,933	(792,472)	115.38
Green & Wax Beans	78	83	89	86	84	82	67	62	1,184,629	1,372,718	(188,089)	115.88
Late Potatoes	54	53		29	29	37	35	26	1,127,320	970,054	157,266	86.05
Lettuce					4	4	3	7	33,394	27,051	6,343	81.01
Lima Beans	51	49	30	31	33	26	25	23	483,080	530,769	(47,689)	109.87
New Forage Seeding	2,590	2,704	2,260	2,059	2,074	2,369	2,310	2,326	2,193,701	1,847,692	346,009	84.23
Parsnips					10	6	3	3	30,002	45,652	(15,650)	152.16
Peaches	140	125	54	46	63	78	82	81	1,905,915	2,374,774	(468,859)	124.60
Peanuts						15	9	2	53,710		53,710	
Pears	115	111	105	104	103	106	110	104	760,116	705,210	54,906	92.78
Peppers	31	37	34	61	68	98	87	71	518,889	491,461	27,428	94.71
Plums	40	42	43	42	39	41	37	37	192,673	214,674	(22,001)	111.42
Popping Corn				44	8	4	5	15	121,953	266,564	(144,611)	218.58

Pumpkin & Squash				7	7	13	15	9	21,936	8,191	13,745	37.34
Red Beets	18	15	10	7	5	4	3	3	91,178	30,681	60,497	33.65
Rutabagas				19	13	10	7	7	212,489	240,280	(27,791)	113.08
Seed Corn	320	352	327	427	431	349	542	593	6,718,660	4,408,346	2,310,314	65.61
Seed Onions	24	24	24	48	51	47	53	48	814,215	930,501	(116,286)	114.28
Set Onions	17	17	13	16	14	11	11	7	116,035	137,310	(21,275)	118.33
Sour Cherries	81	83	83	85	83	82	84	77	1,165,097	1,272,128	(87,031)	107.34
Soybeans	2,105	2,584	2,517	2,830	3,821	4,294	5,366	5,486	24,006,153	16,821,268	7,184,885	70.07
Spanish Onions				9	9	8	16	18	155,636	218,665	(63,029)	140.50
Spring Grain	4,940	4,880	4,526	4,263	4,607	4,377	4,143	4,330	16,924,793	14,749,528	2,175,265	87.15
Strawberries				4	12	24	36	42	197,969	141,095	56,874	71.27
Sweet Cherries	60	64	57	56	58	52	52	46	433,026	562,286	(129,260)	129.85
Sweet Corn	438	452	452	446	428	447	436	383	4,780,562	4,526,715	253,847	94.69
Sweet Corn (Fresh)				11	16	38	28	28	98,407	93,948	4,459	95.47
Tomatoes	1,099	1,021	986	956	951	863	815	648	16,877,627	16,574,542	303,085	98.20
Tomatoes (Fresh)				9	28	59	51	59	302,253	331,326	(29,073)	109.62
White Beans	1,776	1,186	1,293	1,561	1,618	1,100	1,257	1,433	13,914,587	17,253,502	(3,,338,915)	124.00
Winter Wheat	2,394	2,824	2,922	2,963	3,073	4,301	4,450	4,223	13,458,260	8,097,706	5,360,554	60.17
Inactive Plans									516,095	1,221,319	(705,224)	236.65
TOTALS	28,159	28,659	28,062	28,599	29,304	30,694	32,197	31,991	302,233,420	299,645,020	(2,588,400)	99.14

CONTRACTS AT RISK:
72-73: 8,246; 73-74: 13,208; 74-75: 18,555; 75-76: 22,740; 76-77: 23,535; 77-78: 26,712

CANADA-ONTARIO CROP INSURANCE PROGRAM SUMMARY OF SALES & CLAIMS EXPERIENCE BY CROP
(as at March 31, 1986)

Crop	Contracts At Risk	Acreage Insured	Amount of Insurance $	Total Premium $	No. of Claims	Claim Amount	Loss or Gain $	Loss Contracts %	Loss Premiums %
Apple Tree	15	0	1,175,347	17,185	3	7,404	9,781	20	43
Apples	320	9,524	10,790,670	1,521,739	63	1,048,148	473,590	20	69
Asparagus	5	51	20,890	2,303	0	0	2,302	0	0
Black Tobacco	88	511	550,975	65,440	29	79,364	-13,925	33	121
Broccoli	10	149	114,455	23,053	5	29,242	-6,191	50	127
Cabbage	14	147	70,801	8,242	4	4,055	4,187	29	49
Canola	249	16,515	1,801,454	264,569	29	46,835	217,734	12	18
Carrots	25	793	1,193,687	95,318	8	49,171	46,146	32	52
Cauliflower	29	213	163,230	38,804	8	16,037	22,767	28	41
Celery	2	17	23,900	3,090	0	0	3,090	0	0
Coloured Beans	183	9,319	1,565,159	271,300	57	180,973	90,327	31	67
Corn	6,852	635,974	115,978,895	7,610,118	671	2,469,470	5,140,648	10	32
Cucumbers	93	941	644,866	73,719	38	24,840	48,879	41	34
Early Potatoes	28	845	519,510	59,653	5	12,713	46,940	18	21
Flue-Cured Tobacco	2,017	91,785	146,469,077	13,999,442	566	715,035	13,284,406	28	5
Forage	1,196	166,623	11,737,724	632,184	423	732,214	-100,051	35	116
Grapes	241	9,952	10,029,952	669,368	79	640,608	28,759	33	96
Green Peas	427	17,368	5,649,169	839,007	52	301,641	537,365	12	36
Green & Wax Beans	62	3,035	1,162,693	231,028	17	165,752	65,275	27	72
Late Potatoes	26	839	656,817	75,577	8	23,460	52,117	31	31
Lettuce	7	80	63,760	12,723	2	4,284	8,438	29	34
Lima Beans	23	740	302,324	56,225	12	93,882	-37,657	52	167
New Forage Seeding	2,326	63,651	2,546,020	356,866	453	363,524	-6,659	19	102
Parsnips	3	8	5,120	1,322	1	2,560	-1,238	33	194
Peaches	81	1,419	1,690,441	276,581	13	66,257	210,343	16	24
Peanuts	2	83	28,013	4,483	0	0	4,482	0	0
Pears	104	802	684,671	110,428	26	54,248	56,179	25	49
Peppers	71	842	534,930	104,044	48	106,002	-1,958	68	102
Plums	37	235	134,028	29,657	11	19,784	9,872	30	67
Popping Corn	15	842	215,260	33,660	2	1,526	32,134	13	5
Pumpkin & Squash	9	118	31,902	4,501	2	3,349	1,151	22	74
Red Beets	3	189	83,865	6,536	1	2,808	3,728	33	43
Rutabagas	7	132	88,577	12,281	4	22,923	-10,643	57	187
Seed Corn	593	38,896	18,605,808	1,175,973	103	621,023	554,949	17	53
Seed Onions	48	1,216	1,859,953	172,253	12	119,824	52,427	25	70
Set Onions	7	76	84,300	7,576	2	9,968	-2,393	29	132
Sour Cherries	77	978	916,389	187,164	9	32,291	154,869	12	17
Soybeans	5,486	455,409	66,643,572	4,598,023	879	1,888,220	2,709,796	16	41
Spanish Onions	18	212	357,793	53,093	4	11,147	41,946	22	21
Spring Grain	4,330	194,863	12,403,990	1,769,147	451	442,553	1,326,593	10	25
Strawberries	42	405	396,672	79,079	5	• 14,840	64,238	12	19
Sweet Cherries	46	187	137,750	38,812	16	21,080	17,731	35	54
Sweet Corn	383	21,308	6,344,056	524,939	98	482,807	42,131	26	92
Sweet Corn (Fresh)	28	346	135,663	23,999	8	6,750	17,248	29	28
Tomatoes	648	26,030	28,189,938	2,117,463	358	1,249,787	867,675	55	59
Tomatoes (Fresh)	59	459	505,146	102,368	25	87,536	14,830	42	86
White Beans	1,433	63,181	10,878,527	1,578,525	241	385,532	1,192,992	17	24
Winter Wheat	4,223	173,273	24,959,986	1,860,736	372	342,821	1,517,914	9	18
PROVINCE TOTAL	31,991	2,010,578	489,147,727	41,799,556	5,223	13,004,289	28,795,267	16	31
1986-87 PRODUCTION RESULTS									
Winter Wheat	4,990	229,594	33,491,960	2,184,169					